



# **CITY COUNCIL AGENDA REPORT**

MEETING DATE: NOVEMBER 1, 2004

ITEM NUMBER:

**SUBJECT:** ALLOCATION OF IKEA PUBLIC ART AND HUSCROFT HOUSE CONTRIBUTIONS

**DATE:** OCTOBER 20, 2004

**FROM:** DEVELOPMENT SERVICES DEPARTMENT/PLANNING DIVISION

**PRESENTATION BY:** DONALD D. LAMM, DEPUTY CITY MGR. -DEV. SVS. DIRECTOR

**FOR FURTHER INFORMATION CONTACT:** KIMBERLY BRANDT, (714)754-5604

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## **RECOMMENDATION:**

1. Specify how \$550,000 received in Home Ranch/IKEA contributions is to be allocated, subject to the consent of the respective contributors; and,
2. Adopt the attached resolution amending Condition of Approval No. 18 of the IKEA Final Master Plan (PA-99-34)

## **BACKGROUND:**

***IKEA Contribution:*** On November 19, 2001, City Council approved the IKEA final master plan that included the following condition of approval:

- "18. Within six months of issuance of its Certificate of Occupancy, IKEA shall provide on-site public art valued at \$350,000.00 subject to prior City approval."

Since IKEA did not "provide public art" within six months occupancy of the store, by subsequent agreement with the City (Attachment 2), IKEA agreed that the \$350,000 may be reallocated for another purpose, in lieu of requiring IKEA to provide art on their property. IKEA deposited \$350,000 with the City, and the City has until January 1, 2005 to allocate the funds to public art or an alternative. Allocation to something other than art would require Council to delete or modify the master plan's condition of approval to reflect Council's action. Should the City choose not to use the funds, the contribution must be returned to IKEA, who will then complete the installation of public art within six months.

***Segerstrom Home Ranch Contribution:*** Development Agreement DA-00-01 for the Home Ranch project was adopted by City Council on December 3, 2001. The agreement included the following contribution:

- "E. Contribution To Restoration of Huscroft House

Within ninety days of the issuance of the first Building Permit for the Project, OWNER shall contribute a total of \$200,000 to CITY to help fund the transport of the Huscroft house to a permanent location and provide for its restoration."

In 2003, the City sold the Huscroft house to a private party and the house was relocated to 548 Bernard Street. The development agreement was also amended that allows Council to now reallocate the \$200,000 contribution to another public purpose, provided that the applicant agrees to the proposed use of the funds.

### **ANALYSIS:**

The two Home Ranch related contributions combined equal \$550,000. Therefore, staff presents a few ideas for your consideration. Any allocation that Council chooses will be subject to approval by the respective contributor.

1. Completion of City Entry Monument Sign Program (balance of 7 signs)
2. Further Implementation of the Parks and Recreation Master Plan
3. Implementation of the Theater and Arts District Plan

Attachment 3 contains information on each one of these suggestions. For instance, the Entry Monument Sign Program includes 12 entry monument signs, of which only 5 have been installed. It would cost \$175,000 to install the remaining seven signs (\$25,000 for each sign).

To reflect Council's action, staff recommends the IKEA Master Plan condition of approval be revised as follows:

- "18 ~~Prior to the Within six months of issuance of its Certificate of Occupancy, IKEA shall contribute provide on-site public art valued at \$350,000.00 subject to prior City approval to the City of Costa Mesa for allocation to a specific public purpose or project. The public purpose or project is subject to the approval of IKEA. If within six months of the receipt of the contribution, the City chooses not to allocate IKEA's contribution, the City will return the contribution t to IKEA, and within six months, IKEA will complete the onsite installation of public art valued at \$350,000, subject to City approval.~~"

### **ALTERNATIVES:**

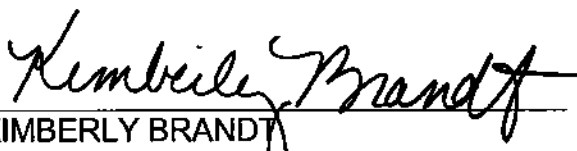
If Council chooses not to allocate the \$350,000 received from IKEA, the City should immediately return the contribution and direct IKEA to install public art on their property.

### **FISCAL REVIEW:**


The two contributions have been deposited with the City and are set aside from the City's general fund.

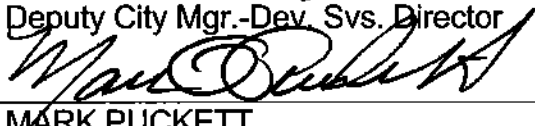
### **CONCLUSION:**

The combined Segerstrom Home Ranch project contribution of \$550,000 provides Council an additional opportunity to fund capital improvement projects that are currently not funded. Any project Council selects is subject to approval of the respective contributor.

  
KIMBERLY BRANDT  
Senior Planner

  
TOM WOOD  
Acting City Attorney

  
DONALD D. LAMM  
Deputy City Mgr.-Dev. Svs. Director

  
MARK PUCKETT  
Director of Finance

DISTRIBUTION: City Manager  
Acting City Attorney  
Acting Administrative Services Director  
Public Services Director  
Recreation Manager  
City Clerk (2)  
Staff (4)  
File

Mr. Don Collins  
IKEA  
1475 South Coast Drive  
Costa Mesa, CA 92626

Mr. John Robinson  
IKEA  
496 West Germantown Pike  
Plymouth Meeting, PA 19462

Mr. Paul Freeman  
CJ Segerstroms  
3315 Fairview Road  
Costa Mesa, CA 92626

ATTACHMENTS: 1 Draft Resolution  
2 IKEA Agreement  
3 Plan Excerpts

File Name: 110104CCIKEA

Date: 101504

Time: 400 PM

# **ATTACHMENT 1**

## **Draft Resolution**

**RESOLUTION NO. 04-**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COSTA MESA, CALIFORNIA, AMENDING THE IKEA MASTER PLAN (PA-99-34) CONDITION OF APPROVAL NUMBER 18 RELATING THE PROVISION OF ONSITE PUBLIC ART LOCATED AT 1475 SOUTH COAST DRIVE.**

**THE CITY COUNCIL OF THE CITY OF COSTA MESA HEREBY RESOLVES AS FOLLOWS:**

WHEREAS, the IKEA Final Master Plan (PA-99-34) was adopted by the City Council of the City of Costa Mesa on November 19, 2001.

WHEREAS, condition of approval number 18 was included that addressed the installation of public art in the IKEA project site.

WHEREAS, a duly noticed public hearing was held by the City Council on November 1, 2004 to review this condition of approval.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF COSTA MESA that the Costa Mesa City Council hereby amends condition of approval number 18 of the IKEA Final Master Plan (PA-99-34) as contained in Exhibit "A".

PASSED AND ADOPTED this 1<sup>st</sup> day of November 2004.

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Mayor, City of Costa Mesa

STATE OF CALIFORNIA)  
COUNTY OF ORANGE ) ss.  
CITY OF COSTA MESA )

I, Julie Folcik, Deputy City Clerk and ex-officio Clerk of the City Council of the City of Costa Mesa, hereby certifies that the above and foregoing Resolution No. \_\_ was duly and regularly passed and adopted by said City Council at a regular meeting thereof held on the \_\_ day of \_\_\_\_\_, 2004.

IN WITNESS WHEREOF, I have hereby set my hand and affixed the Seal of the City of Costa Mesa this \_\_ day of \_\_\_\_\_, 2004.

\_\_\_\_\_  
Deputy City Clerk and ex-officio Clerk of the  
City Council of the City of Costa Mesa

## **EXHIBIT "A"**

### **PA-99-34**

- "18. Prior to issuance of its Certificate of Occupancy, IKEA shall contribute \$350,000.00 to the City of Costa Mesa for allocation to a specific public purpose or project. The public purpose or project is subject to the approval of IKEA. If within six months of the receipt of the contribution, the City chooses not to allocate IKEA's contribution, the City will return the contribution to IKEA, and within six months, IKEA will complete the onsite installation of public art valued at \$350,000, subject to City approval."

# **ATTACHMENT 2**

## **IKEA AGREEMENT**





IKEA Property, Inc.

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June 29, 2004

Thomas C. Wood, Esq.  
City of Costa Mesa  
77 Fair Drive, P.O. Box 1200  
Costa Mesa, CA 92628-1200

Re: Final Certificate of Occupancy for the Improvement located at 1475 South Coast Drive, Costa Mesa, California ("Property") constructed by or on behalf of IKEA Property Inc. ("IKEA") Pursuant to Building Permit Number B00-00697 ("Improvements")

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Dear Tom:

Pursuant to IKEA's discussions with the City of Costa Mesa ("City"), IKEA and the City desire to execute this letter ("Letter Agreement") to evidence IKEA's and the City's agreement with respect to the issuance of a final Certificate of Occupancy and IKEA's compliance with the City's Condition of Approval Number 18 applicable to Resolution No. 01-81 approving Master Plan PA-99-34 and Minor Conditional Use Permit ZA-01-36 (the "Resolution"). Condition of Approval Number 18 requires that "[w]ithin six months of issuance of its Certificate of Occupancy, IKEA shall provide on-site public art valued at \$350,000 subject to prior City approval." As of the date of this Letter Agreement, IKEA has not received its final Certificate of Occupancy pending resolution of the public art requirement (discussed below) and performance of other conditions regarding the project (which other conditions have been satisfied). A temporary Certificate of Occupancy issued by the City has lapsed.

IKEA and the City agree that the City may desire to reallocate the use of the entire \$350,000 public art amount (the "Funds") for another specific public purpose or project, such as equipping a fire station with new trucks and/or other equipment, in lieu of requiring IKEA to provide public art. The City agrees that it shall, within six (6) months from the date of the final Certificate of Occupancy, decide whether it intends to reallocate the use of such Funds to another public purpose or project, and if so, shall perform the following within such six (6) month period:

1. Obtain IKEA's reasonable consent to such reallocation of the Funds, which consent shall not be withheld so long as the Funds are used for a public purpose or project; and
2. Initiate, process and obtain the approval of the City Council to an amendment to the Resolution eliminating Condition of Approval No. 18 and authorizing the reallocation



of the Funds to the specified public purpose or project (the "Amendment").

In the event the City elects to reallocate the Funds, obtains IKEA's reasonable consent and obtains the approval of City Council to the Amendment in accordance with the foregoing, then the City may withdraw and apply the Funds and the earned interest from the Escrow Account (defined below) for such use.

In the event the City elects not to reallocate the Funds pursuant to the foregoing or is unable to satisfy Items 1 or 2 above, then at such time as the City notifies IKEA in writing of the occurrence of such event (the "City Notice"), IKEA shall commence to design and construct/install public art on the Property with a value of Three Hundred Fifty Thousand Dollars (\$350,000) in such form and at such location as is mutually agreed upon by IKEA and the City. We understand that the City does not have a formal art program and, therefore, IKEA and the City agree to cooperate to mutually agree upon the form and location of IKEA's public art. IKEA shall complete the installation of such public art within six (6) months from its receipt of the City Notice, provided the City is able to promptly and timely respond to IKEA's proposals, to timely issue permits and to reasonably approve of the public art proposed by IKEA. IKEA shall be permitted to make monthly draws from the Escrowed Funds (defined below) to pay for the monthly costs incurred by IKEA in connection with the construction or creation of such public art, including without limitation, the professional fees of the artist.

Subject to the terms and provisions of this Letter Agreement, IKEA agrees to deposit the Funds (the "Escrowed Funds") with the City Director of Finance who will place said funds in an interest bearing account (the "Escrow Account") and the City agrees to concurrently issue a final Certificate of Occupancy for the Improvements on IKEA's Property, both of which shall occur no later than three (3) business days from the date the City representative executes this Letter Agreement.

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We appreciate your assistance with this matter and look forward to a mutually beneficial relationship with the City for many years to come. IKEA's and the City's execution below indicates their agreement to comply with the terms of this Letter Agreement.

Very truly yours,

John Robinson  
Treasurer

AML

cc: Mr. Donald Collins  
Ms. Patricia Merwin  
Anne M. LaPlace, Esq.  
Allan Roeder, City Manager  
Marc Puckett, Director of Finance  
Tom Wood, Acting City Attorney

AGREED AND ACCEPTED BY THE  
CITY OF COSTA MESA AS OF THIS  
15<sup>TH</sup> DAY OF JUNE, 2004

A handwritten signature in black ink, appearing to read "Don Lamm", written over a horizontal line.

By: Don Lamm

Title: Director of Development Services

## **ATTACHMENT 3**

### **PLAN EXCERPTS**



# **CITY OF COSTA MESA**

P.O. BOX 1200 • 77 FAIR DRIVE • CALIFORNIA 92628-1200

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DEVELOPMENT SERVICES DEPARTMENT

**FOR ATTACHMENTS NOT INCLUDED IN THIS REPORT,  
PLEASE CONTACT THE CITY CLERK AT (714) 754-5223**